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E.O. 12958: N/A

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SUBJECT: CZECH REPUBLIC: NO SIGNIFICANT TRADE AGREEMENT
COMPLIANCE CONCERNS

REF: STATE 152063

¶1. In almost all respects, the U.S. - Czech trade and investment relationship operates smoothly and is reflected in over \$3 billion of U.S. FDI since 1993. Despite the broadly positive trade and investment climate, U.S. companies in some sectors continue to face barriers to entering the Czech market, as described in the European Union portion of the annual National Trade Estimate report. Judicial proceedings of intellectual property rights violators are slow and rulings often favor defendants. The Health Ministry's reimbursement policy for prescription drugs gives special treatment to domestic producers of generics. The public tenders process is considered to be one of the most nontransparent in Central Europe and plagued with bribery scandals. American legal service providers also face some limits in representing clients in Czech courts.

¶2. Trade and investment compliance issues are usually brought to the embassy's attention by industry representatives. The Political-Economic Section cooperates with the Foreign Commercial Service as well as the local American Chamber of Commerce in monitoring compliance and responding to trade barrier complaints. Issues of concern are regularly brought to the attention of Czech policy makers during organized events, such as meetings with government officials, issue-driven roundtables, and official receptions. Commercial Attache Erin Butler-Mueller is post's contact person for trade compliance issues.
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